SYNOPSIS

A study on investors awareness and attitude towards mutual funds- A case study of Ramgarh district, Jharkhand

Submitted for the enrolment as a Research Scholar for Ph.D. degree in the faculty of Commerce

Ranchi University, Ranchi

Under the Supervision of:

Dr. Amar Kumar Chaudhary

Associate Professor
University Department of Commerce and Business Management
Ranchi University, Ranchi

Name of the Research Scholar:

Manas Kumar Kushwaha

UGC NET AND JRF

University Department of Commerce and Business Management

Ranchi University, Ranchi

A study on investors awareness and attitude towards mutual funds- A case study of Ramgarh district, Jharkhand

1. Introduction

India is an emerging economy, and it is too important for an emerging economy that savings and funds of investors are circulated in well-mannered and utilized these savings and funds for economic development in the form of investment.

In the country like India, there are different kinds of, or we could say different class of people live, whose saving and investment patterns may vary from person to person and place to place. Usually, they invest in normal banks deposits, LIC, fixed deposits (FD), recurring deposits, real estate and also in the precious metals like gold and silver, etc. in recent time many of them invest their funds in the money market and capital market. Whereas the Money market related to short-term investment instruments with the maturity period from one day to one year. For example- Treasury bills, Commercial papers, Certificate of deposit etc.

On the other hand, the Capital market comprises of long-term investment instruments with maturity period of more than one year to thirty years. For example, Equity share, Debenture, Derivatives instruments, Mutual funds etc.

Generally for the traditional investments like normal banks deposits, LIC, fixed deposits(FD), recurring deposits, real estate, etc. don't required extensive knowledge of from the field of finance and investments because these kind of investment are generally made through agents or on the recommendations from the peers and family but on the other hand for the trading in money and capital markets instruments are required extensive knowledge about finance, financial markets which is called financial literacy.

Mutual funds are generally a new concept of investment for most of the investors. In mutual funds, mutual fund company's pools money from interested investors which are then invested in different investment options like shares, debentures, bonds, money market instruments etc. which are managed by professional people like CA. And the systematic process of investing a predetermined amount of money at a regular interval like monthly, quarterly, half-yearly in mutual funds is called SIP.

For an investor, a Mutual Fund offers a diversified investment options which are professionally managed and anyone who has savings either in small or large amount can invest in Mutual Funds with pre-determined objective to earn good returns.

Over the period investors got diversified investment opportunity in different kinds of mutual funds scheme and now investors getting aware of fresh investment opportunity due to their financial literacy and a positive investment environment or attitude towards share markets instruments like mutual funds.

From 1st February 1964 by the help of GOI (govt of India) and RBI (reserve bank of India), UTI (unit trust of India) established under the Unit Trust India Act 1963, a statutory public sector investment institution, as the first mutual fund co. to attracts investors and give them new opportunity to invest in new investment instrument called mutual fund. In 1987 when GOI (govt of India) amended the banking regulation to allow all commercial banks to issue mutual funds then in the same year SBI (state bank of India) issue the first non-UTI mutual fund. And then in 1988 SEBI (stock exchange board of India) established and from year 1996 Mutual funds are regulated by SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.[1]

In present scenario SEBI and Association of Mutual Funds of India (AMFI) spreading awareness about mutual funds and GOI also contribute to this awareness programme through lunching some schemes related to mutual funds for example National investment fund (2005), IDFC Govt securities provident fund etc. and the commercials banks of India also provide different types of mutual funds like SBI mutual funds, AXIS bank mutual funds, HDFC mutual funds etc.

India's Mutual funds industry has attained maturity and has grown over the past two decades which can be evaluate by increasing secondary market trading and variety of funds offered by the mutual funds companies. Due to its remarkable growth mutual fund industry is socially bound to be transparent in quality of financial reporting; and is subject to a large amount of research which ethically contributes to our knowledge and provides appropriate answers to the everlasting issues. (Sayed Mohammad Tariq Zafar, 2015)[2]

---

[1] 5, R. (n.d.). *Association of Mutual Funds in India*. © Project 2016. https://www.amfiindia.com/investor-corner/knowledge-center/history-of-MF-india.html

[2] Tariq Zafar, Sayed & Chaubey, Dhani & Imran, Syed & Ali, Nawab. (2015). AN EMPIRICAL STUDY ON INDIAN MUTUAL FUNDS EQUITY DIVERSIFIED GROWTH SCHEMES" AND THEIR PERFORMANCE EVALUATION. 46.

Due to the fact it's become important to know the perception of Indian investors towards mutual funds, and also to know the factors that affect their investment decision. So, this study is going to analyse the awareness and attitude of investors in Ramgarh district towards mutual funds, as well as the factors that affect their decision regarding investment in mutual funds.

1.1 Mutual Funds

Mutual funds are a professionally managed investment options which pools money from interested persons or investors to invest their funds at diversified portfolios which consists of different investment instruments like shares, debentures, bonds, money market instruments, derivatives etc. which provide a good return with minimum risk.

As there is no legal definition of mutual fund, the term is frequently applied only to those collective investments that are regulated, available to the general public and open-ended in nature. (R Padmaja, 2013)[3]

Section 2(q) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 defines the expression 'mutual fund' means a fund established in the form of a trust to raise monies through the sale of units to the public or a section of the public under one or more schemes for investing in securities including money market instruments or gold related instruments or real estate assets. (SEBI (MUTUAL FUNDS) REGULATIONS, 1996)[4]

1.2 History of Mutual Funds in India

History of mutual funds in India can be classified in five phases, which are as follow[5]

1st phase- (1964-1987)

- In this phase UTI (Unit Trust of India) was established in the year 1963.
- Set up by RBI by an Act of Parliament.
- Regulated and control by RBI.
- De-linked from RBI in 1978 and IDBI take over all regulatory and administrative control.
- UTI issue their first scheme was in 1964.

[3] Padmaja, R. (2013). A study of consumer behavior towards mutual funds with special reference to ICICI prudential mutual funds, Vijayawada. *International Journal of Management research and Business strategy*, *2*(2), 1-14.

[4] https://www.sebi.gov.in/acts/MutualFunds.pdf

[5] *Association of Mutual Funds in India*. © Project 2016. https://www.amfiindia.com/investor-corner/knowledge-center/history-of-MF-india.html#accordion5

- UTI had Rs 6700cr of AUM (asset under management) by the end of the year 1988.

2nd phase (1987-1993)

- Amendment in banking regulations in the year 1987.
- Allow the entry of non- UTI to launch mutual funds.
- SBI was the first non- UTI mutual fund by June 1987 followed by Canbank mutual fund by Dec 1987.
- Then PNB mutual fund by Aug 89, Indian bank mutual fund (Nov 89), BOI mutual fund (Jun 90), Bank of Baroda mutual fund (Oct 92), GIC (General Insurance Corporation of India) mutual fund (Dec 90).
- AUM mutual fund industry had Rs 47,004cr.

3rd phase (1993-2003)

- Entry of private sector funds.
- Mutual fund regulation begins in1993.
- Kothari Pioneer became the first private sector mutual fund registered in July 1993.
- SEBI (Mutual fund) Regulations 1996 established.
- Total 33 mutual funds with total assets of Rs 1,21,805cr by the end of Jan 2003.

4th phase (Feb 2003- April 2014)

- UTI divided in two separate entities.
- One is Specified Undertaking of UTI with assets over Rs 29,835cr and administrated by GOI, not comes under Mutual Fund Regulations.
- Second is UTI mutual fund, registered under SEBI and comes under Mutual Fund Regulations with assets over Rs 76000cr, sponsored by SBI, PNB, BOB and LIC.

5TH phase (May 2014- Current time)

- Especially in tier 2 and tier 3 cities there is lack of penetration of mutual fund.
- For re-energies the mutual fund SEBI take several progressive measures
- For the first time on 31st May 2014 the AUM crossed Rs 10 lakh crore and from the end of Aug 2016 it crossed Rs 15 lakh crore.

- Because of the 'handholding' of the investors by the mutual fund distributors and convincing them to stay invested and/or invest at lower NAVs when the market had fallen.

1.3 Benefits of investment in Mutual Funds

There are various benefits of investing in mutual funds some of them are as follow-

a) **Professionally managed**- Mutual funds are manged by professional persons like CA, so the individual investor have no need to worry about their investments.

b) **Well regulated**- Mutual funds of India are regulated under Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 which gives SEBI power to make rule and regulation regarding the betterment of mutual funds industry of India and provide transparency and protection to investors.

c) **Diversified**- Mutual funds consist numerous of investment options which create diversified portfolio for investors that helps them the divers their risk of loss.

d) **Esay liquidity**- Easy liquidity means that investors can easily sell their mutual funds units and convert them into cash at any time.

e) **Comparatively low cost**- Due to large economic of scale mutual funds having low expense ratio. Expense ratio indicates the annual funds required to manage the operating expenses of mutual funds schemes.

f) **Transparency**- Due to regulated by SEBI under SEBI Mutual Fund Regulation 1996 it ensures transparency to investors.

g) **Tax benefits**- Investment in ELSS (Equity linked saving scheme) which has a lock-in period of three years provide tax benefits to investors if they invest up to Rs 1.5 lakh in tax saving funds to get deduction up to Rs 1.5 lakh under section of 80C of the Income tax act 1961.

h) **Dividend reinvestment**- After the declaration of dividend investors have option to reinvest these funds by purchasing additional shares in mutual funds.

1.4 Limitations of Mutual Funds

a) No full control over day-to-day fund management

b) Returns may fluctuate

c) High expense ratio

d) Tax calculation complexity

e) Over diversification

f) Liquidity risk can occur

1.5 Key parties involved under Mutual Funds

a) **Sponsor**- they are similar like promotors of the co.; they are the one who set up the mutual funds

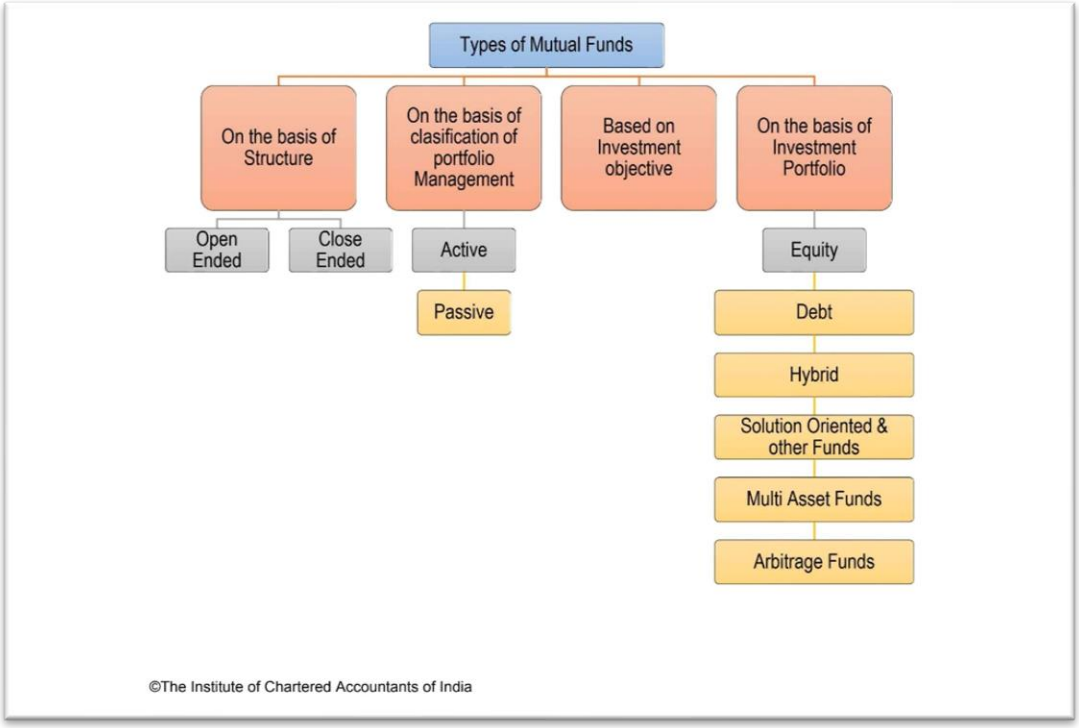
b) **Trustee**- act as custodians of investors by monitoring AMC's functions and make sure funds are utilise in best way.

c) **Custodian**- safekeeper of mutual funds by ensuring their safety and transactions accuracy.

d) **RTA**- RTA stands for Registrar and Transfer Agent, they manage the administrative aspects by maintaining investors records and keep track of unit holders.

e) **AMC-** AMC stand for Asset Management Company act as heart of mutual funds with primary responsibilities is to manage and decide where to invest the funds by acting as an intermediary between investors and the financial instruments.

1.6 Types of mutual funds



Source- https://resource.cdn.icai.org/79362bos63450-cp10.pdf

On the basis of the structure

a) **Open-Ended-** Here the investors have an option to sell and purchase their units at any time without giving any extra charges and generally, these kinds of mutual funds have no defined maturity date.
b) **Close-Ended-** These are only available during the NFO (New Fund Offer) for subscription only. Here investor don't have an option to sell and purchase at their need after the closing date of NFO and no further sell and purchased allowed. And they have pre-defined maturity date.

On the basis of classification of portfolio management

a) **Active funds-** Here fund manager play an active role. they take full control on sell, purchase and holding of the investment in mutual funds so, here investor want to rely full on professional fund manager with an aim to outperform benchmark index.
b) **Passive funds-** Suitable for the investors those want to allocate their fund same as market index. Here closely tracking of benchmark index. Here investors enjoy lower cost and liquidity due to lower expense ratio.

On the basis of investment objective

Mutual fund also provides different kinds of investment objective investors like

a) Capital Appreciation
b) Capital preservation
c) Tax savings
d) Liquidity
e) Regular income

On the basis of investment portfolio

a) **Equity schemes-** Here investors only invest in equity shares with an objective to earn profit in long run because market can be volatile in short run and these schemes carry higher risk due to equity component.
b) **Debt schemes-** Here investors invest in fixed income securities like debenture, bonds. These are safer than equity schemes because they carry fixed interest rates

instead of relying on market fluctuations. Here they carry on the rule of higher the risk, higher the return vice versa.

c) **Hybrid funds-** This kind of funds contains the nature of both equity and debt schemes. According to SEBI these kinds of funds are classified into seven subcategories these are as follows:
    - Equity savings fund
    - Arbitrage fund
    - Multi asset allocation fund
    - Balanced advantage fund
    - Aggressive hybrid fund
    - Balanced hybrid fund
    - Conservative hybrid fund

d) **Solution-oriented funds-**
    - **Retirement fund**- Earlier of lock in period of minimum 5 yrs or till retirement age.
    - **Children's fund**- Earlier of lock in period of minimum 5 yrs or till children age of maturity.
    - **Index fund-** Investment in particular index security with minimum 95% of investment**.**
    - **Fund of funds-** Contain both overseas and domestic underlying funds with 95% of investment.
    - **Hybrid funds-** Mixture of both debt and equity securities.

e) **Multi asset funds-** Here fund manager tries to balance the risk by diversifying the investment portfolio by investing in broad asset class like equity, debt, money market instrument, derivatise, index tracking fund etc.

f) **Arbitrage funds-** Arbitrage is the process of taking advantage by simultaneously buying and selling of an asset in two different markets due to difference in price of same asset in two different markets.

1.7 Systematic Investment Plans (SIP)

SIP is a financial planning tool that helps you to create a wealth by investing small sum of money every month over a period. It is a planned approach to investments and an investment technique that allows you to provide for the future by investing small amount

of money in mutual fund scheme of our choice. It is a plan of mutual fund, in which the investments are done by paying a fixed amount at every predetermined date. Systematic Investing in a Mutual Fund is the answer to preventing the drawbacks of equity investment and still enjoying the high returns. Mutual Fund SIP is a monthly based investment plan through which an investor could invest a fixed sum into mutual funds every month at pre-decided dates. This hedges the investor from market instability and derives maximum benefit as the investment is done at regular basis irrespective of market conditions. SIP is a feature especially designed for investors who wish to invest small amounts on a regular basis to build wealth over a long term.[6]

SIP has been gaining substantial recognition among Indian mutual fund investors, by helping through Rupee Cost Averaging and investing in a disciplined manner without worrying for market volatility and timing the market. So, this is not wrong to say that Systematic Investment Plan is one of the most appropriate ways to invest in mutual fund and to enter in the world of investments for the long period of time.

The plan of investing the same amount of money every month over an extended period of time regardless of whether the market is up or down is known as Systematic Investment Plan (SIP). Mutual Fund gives us four good reasons for investing through SIP: Lighter on the wallet, makes timing of market irrelevant, Helps build for future by the power of compounding, Rupee cost averaging lowers your chances of losses.[7]

1.8 Investors awareness and attitude towards Mutual Funds

Financial markets are constantly becoming more potential market over the period of time by providing more favourable solutions to the investors. Being a part of financial market mutual funds industry is responding very fast by understanding the dynamics of investor's perception towards returns, they are regularly following the market trends in their endeavour to differentiate their products responding to unexpected changes in the economy. So, it is right time to know and analyse investors awareness and their attitude and bring the valuable information to support financial decision making of mutual funds. Financial markets are becoming more comprehensive with financial products seeking new innovations and to some extent innovations are also visible in designing mutual

[6] Uddin, A. N. I. C. H. (2016). Investor Perception about Systematic Investment Plan (SIP) Plan: An Alternative Investment Strategy. International Journal of Research in Humanities and Social Sciences, 4(3), 1-7.
[7] Roy, D., & Ghosh, K. (2011). The Scenario of investment in systematic Investment Plan (SIP) among the Retail Customers. Global Journal of Finance and Economic Management, 1(1), 49-62.

funds portfolio, but these changes need alignment in accordance with investor's need. Thus, it has become vitally important to study mutual funds from a different angle, i.e., to focus on investor's awareness and their attitude and disclose the unidentified parameters that account for their dissatisfaction.[8]

Investors awareness state the investors understanding and knowledge about finance, investment instrument, and financial market etc. This research study is about assessing the investors awareness and attitude towards mutual funds on Ramgarh district, Jharkhand that whether investors of study area are actually aware about mutual funds, their investment in mutual funds, different types of schemes available regarding mutual funds in the market, and other investment options.

A Mutual Fund is an investment vehicle that pools the money from several investors having a common financial objective. An investor has several expectations, one of them are taking benefits from his savings. So, interested investors invest their surplus of money into different kinds of investment options, Mutual fund is one of them. It is a professionally managed fund in which investors' savings invested in securities like stocks, debenture, bonds, short-term money market instruments, and commodities, etc.[9]Mutual fund industry in India has gained lots of popularity from the past few years. In Early period only UTI enjoyed the monopoly in mutual fund industry but with the passage of time, UTI monopoly breaks down and the industry faces a severe competition due to new players entered the market. As the time passes this industry has become a buzz word in the Indian financial system. So, it is very important to know the investors' awareness and attitude about this industry. Investors' opinion and perception depends on various issues like type of mutual fund scheme, main objective behind investing in mutual fund scheme, role of financial advisors and brokers, investors' opinion relating to factors that attract them to invest in mutual fund, sources of information, deficiencies in the services provided by the mutual fund managers, challenges before the Indian mutual fund industry etc.[10]

---

[8] Walia, N., & Kiran, R. (2009). An analysis of investor's risk perception towards mutual funds services. *International Journal of business and Management*, *4*(5), 106-120.

[9] Singh, M. A. K., & Pandey, M. D. S. (2019). AN INDIVIDUAL PERCEPTION AND CONSUMER BEHAVIOR TOWARDS MUTUAL FUND. Future of FinTech: Innovative Business Model for Financial Inclusion, 125.

[10] Saini, S., Anjum, B., & Saini, R. (2011). Investors' awareness and perception about mutual funds. *Journal of Banking Financial Services and Insurance Research*, *1*(1), 92-107.

In the case of mutual fund most of respondents are still confused and have not formed any attitude towards the mutual fund for investment purpose. From the general population most of them having lack of awareness about the mutual funds. Moreover, as far as the demographic factors are concerned, gender, income and level of education have significantly influenced the investors' attitude towards mutual funds and demographic factors like age and occupation have not been found influencing the attitude of investors towards mutual funds. As far as the benefits provided by mutual funds are concerned, return potential and liquidity have been perceived to be most attractive factors by the invertors' followed by flexibility, transparency and affordability.[11]

In India there are several awareness programmes are organised by Association on mutual fund of India (AMFI) and Asset management companies (AMCs) through different ways like organising regular workshops, seminars, issuing online information's, collaborations with schools, colleges, and many institutions to educate young generations about mutual funds.

Here is the list of some awareness programmes that are launched in India for every investor:

- SEBI Investor Education and Protection Fund (IEPF)
- AMFI Investor Awareness Programs (IAPs)
- NSE Investor Awareness Programs

And additionally, many mutual fund companies conduct their own awareness programs by collaboration with financial advisors, distributors and local authorities. These programs may have specific names, but they vary from one company to another.

1.9 Ramgarh district at a Glance

Ramgarh district is one of the 24 districts of Jharkhand. On 12th September 2007 Hazaribagh district was divided and then Ramgarh district was formed. The boundaries of Ramgarh district in such a way that in its North – Hazaribagh district, in South – Ranchi district, in East – Bokao and Purulia district of West Bengal and in West – Ranchi district. Chhtarmandu of Ramgarh Town is the district headquarter. The total area of Ramgarh

[11] Singh, B. K. (2011). A study on investors' attitude towards mutual funds as an investment option. *Journal of Asian Business Strategy*, *1*(2), 8.

district is 1341 sq. km, out of 487.93 sq.km is forest area. Ramgarh district has 315 revenue village of which 305 is Chiragi and 10 is Be-Chiragi. Ramgarh District has 06 Administrative Blocks those are, Ramgarh, Patratu, Gola, Mandu, Chittarpur and Dulmi. These are divided into 125 Gram panchayats and 320 Revenue Villages. There are 04 Health blocks namely, Ramgarh, Patratu, Gola and Mandu. According to the 2011 census, Ramgarh district has a population of 949,443 with district population density of 710/km2. Its population growth rate between 2001-2011 was 13.06%. having sex ratio of 921 females for every 1000 males and literacy rate of 73.17%. 44.13% of the population lives in urban areas. At the time of the 2011 Census of India, 56.63% of the population in the district spoke Khortha, 18.2% Hindi, 8.17% Urdu, 3.72% Santali, 2.91% Bhojpuri, 2.78% Magahi and 1.59% Bengali as their first language.[12]

Ramgarh district holds a strong position on the mineral map of the country. The district is endowed with a large and rich deposit of coal and coalbed methane (CBM) and also possesses various other minerals like limestone as well as fire clay.[13]

In Ramgarh district there are several manufacturing companies that helps in boost the economy of Ramgarh. Some of these companies are Chintpurni steel pvt ltd, Jharkhand ispat pvt ltd, Jaisurya coal and miniral adhyogik sahyog samiti ltd, Bhagwan birsa coal briquettes industries, Maa chhinnmastika cement and ispat pvt ltd etc. There is also some investment companies are situated like Shriram finance, LIC of India, Mahindra finance etc.[14]

In Ramgarh district there are several types of investors like small-cap, mid-cap and large-cap investors. Most of the investors of Ramgarh district are generally using fixed deposit (FD), Insurance policies, precious metal like gold and silver, lands and normal deposit to invest their savings due to lack of awareness regarding other investment options. In Ramgarh district the investment are generally done by males, women contributions are

---

[12] *Overview | District Ramgarh, Government of Jharkhand | India*. (n.d.). https://ramgarh.nic.in/overview/

[13]RITOLIA, R. P., CMD, CCL, SINGH, A. K., DT(O), CCL, & Central Coalfields Limited. (2006). UTILIZATION OF WASHERY REJECTS IN GENERATION OF POWER IN CENTRAL COALFIELDS LIMITED. In *JHARKHAND*. https://fossil.energy.gov/international/Publications/Coal_Beneficiation_Workshop/DT_OP_CCL_presentation.pdf

[14] *Registered Comapnies in Ramgarh*. (n.d.). https://www.onefivenine.com/india/Companies/District/Jharkhand/Ramgarh

very less regarding investment due to lack of basic education, financial literacy and also gender inequality. In recent time several investors of Ramgarh district getting aware about share market, mutual funds through TV ads, internet, or through their banks where they are having their deposit. And those investors who are interested in share market and mutual funds invest their savings in these investment options but through their banks where they have bank accounts instead of using any third-party help like mobile apps, financial advisors, investment consultant or through any stockbrokers' due to their convenience and trust on their banks. But in recent time the new young generations show their interest in mutual funds and other trending investment options very actively and they are using both ways either through their banks and through third party helps like mobile applications, for the investment in mutual funds.

This research study tries to find out the actual ground level reality of the investor's awareness and attitude towards mutual funds and also the other aspect like financial literacy, awareness regarding trending investment options, their risk and return perception etc. of the general population and potential investors of Ramgarh district.

2. Review of Literature

Deepak Kumar Sharma (2013)[15]

Deepak Kumar Sharma found that mutual fund is one of the best and profitable sources of investment, but males are more active than females in case of investing in mutual funds. mostly investors invest their funds in Public Sector Mutual Funds. Mutual funds industry grown very fast in the recent year because in India the emphasis is on individual investors rather than institutional investors like in other countries.

Dr. Arvind Kumar Singh and Karan Veer Singh (2016)[16]

They found that investors are not complete aware about mutual fund they even not investing until they fully convinced. Investors age of less than 35 are key new customer for investing in mutual fund. Most of the potential investors are not aware of SIP and SIP is easy options for salaried persons to invest in mutual fund as they invest in instalments.

[15] Sharma, D. K., & Rani, S. (2013). Consumer Attitude towards Mutual Funds: A Study of Sirsa City. Pramâna, 308.

[16] Singh, A. K., & Singh, K. V. (2016). Study Of Investor Perception Towards Unconventional Tool Of Investment With Special Reference To Mutual Funds In Phagwara Region. International Journal of Information Research and Review, 3(3), 2014-2021.

Karuna murali (2018)[17]

KARUNA MURALI found that M-Portfolio financial service is a fast-growing financial advisory co. in Bangalore. Mutual fund is fast growing investment option in recent time as a safest and limited risk alternative option for investment. Equity mutual funds are most preferred. But investors are not more aware about mutual funds and the more concerned about tax benefits and savings.

Amit Kumar Das (2017)[18]

Amit Kumar Das found that there are thousands of mutual fund schemes spread over 44 fund houses, foreign players have also played a crucial role in growing needs of Indian investors. But despite of impressive growth of mutual fund there is also low customer awareness and financial literacy regarding mutual funds. Institutional investors have active participation in mutual fund in comparison to individual investors. More than half of the household are using deposits and insurance related to investment instruments to utilise their savings instead in mutual funds.

Rajesh Trivedi (2018)[19]

Rajesh Trivedi found that mutual fund is an emerging investment option that contribute in a large extent to Indian financial market but despite being established in the year of 1963 by UTI its development is noticed in last few years because Indian investors are rigid towards their investment patterns they generally prefer to invest their funds in traditional options of investment despite having the low chances to getting more benefits from their investments. Now in this modern era with the help of regulatory authorities, govt, and financial institutions awareness regarding mutual funds are made so that people accept mutual funds.

Prabakaran, G (2008)[20]

Prabakaran found that age group between 41-50 years are the majority investors in the mutual fund those having regular assured income from their salary. Despite offering

[17] Karuna, M., & Ramanaiah, G. (2018). A Study on Perception of Investors towards Equity Mutual Fund of M-Portfolio Customers in Bangalore.

[18] Das, A. K. (2017). Mutual Funds in India Performance and Disclosure Practices. In Shodhganga. https://shodhganga.inflibnet.ac.in/handle/10603/291592

[19] Trivedi, R. (2018). A study of investors perception on selected mutual funds. In INFLIBNET. http://shodhganga.inflibnet.ac.in:8080/jspui/handle/10603/233806

[20] Prabakaran, G. (2008). A study on investors perception towards mutual funds with special reference to Dharmapuri district. In Shodhganga. https://shodhganga.inflibnet.ac.in/jspui/handle/10603/196517

liquidity and safety by money market and gilt fund schemes, few investors are interested in these schemes. He also found that many factor that influence the investment in mutual funds these factors are- age, investment objectives, investment period, education, source of income, occupation, preferred asset management company, monthly income etc.

Joity Tomer (2012)[21]

Joyti Tomer found that since the mutual fund established from the year 1963 by UTI it faces tremendous growth. The growth in several ways like in terms of investible funds, schemes, no. of players, investor base, investor education, technology and servicing etc. investors have option to convert their close ended scheme to open ended scheme and mutual fund investors have also lots of investment options. Private sector schemes are less risker than market portfolio. Regarding's all the above findings Jyoti Tomer has all found that there is lack of awareness and literacy regarding mutual funds. Most of them can't bifurcate the difference between mutual fund and direct stock investment. Investors also do not understand the risk return factors, portfolio diversification, asset allocation etc. investors also don't know that what mutual funds companies actually doings with their money. At last, her study also shows the loopholes of mutual funds companies and SEBI.

Varun Sagar Singal and Dr. Rishi Manrai (2018)[22]

Varun Sagar Singal and Dr. Rishi Manrai they both found that for improving the scope of mutual fund, mutual fund designer should introduce innovative products. mutual fund manager identities should be closed in the mutual funds documents itself. Mutual fund investors should be divided into different groups so that right product can be served to right investors. Proper knowledge and information should be provided to increase the customer trust. There is a lack of financial literacy among investors so, mutual fund companies and authorities of India should educate investors.

Rajesh Trivedi, Prafulla Kumar Swain and Manoranjan Dash (2017)[23]

---

[21] Tomer, J. (2012). Problems andprospects of mutual funds in India. In Shodhganga. https://shodhganga.inflibnet.ac.in/handle/10603/40550

[22]Singal, V. S., & Manrai, R. (2018). Factors Affecting Investment in Mutual Funds. Journal of general management research, 5(2).

[23]Trivedi, R., Swain, P. K., & Dash, M. (2017). A study of investor's perception towards mutual fund decision: An Indian perspective. International Journal of Economic Research, 14(9), 209-219.

They found that mutual fund industry struggling to get more investors despite its establishment was long years ago. Literacy regrading finance are low in females and youths, which is a very crucial factor for their success. Govt is trying to provide financial knowledge at school level, so youth become aware of mutual funds and other financial investment options. If required factors are tackle gently then there is a great scope for mutual funds success. Through advertisement, publicity campaigns with exhibition shall be conducted to educate investors. AMC shall done DAP (District Adoption Program) and IAP (Investor Awareness Program) to improving awareness regrading mutual funds.

Dr. Ravi Vyas (2012)[24]

Dr. Ravi Vyas found that mutual funds companies can provide full support to their customer by providing them advisory services, disclose investment related information in investor friendly language, proper consultancy services. Govt and regulating authorities should make more laws to save the investors from exploitation, more tax rebate, investor education and more control to AMC. Researcher also given some suggestions for the betterment of investor like investor invest their money for long term, taking regular private consult from financial advisor, keep distance from volatile funds, collect information, maintain records, regularly analysis the risk and return factors etc.

3. Research Gap

Finance is a very important and crucial part of any individual whereas Investment is one of the important factors of finance. In this emerging digital era, almost every mature person regardless of their socioeconomic background, does some kinds of savings and investments. Mutual fund is one of the investment options where lots of interested investors invests their savings which is managed by professional fund managers.

From the related literatures it has been found that numerous research studies were conducted regarding of investors awareness, investor attitudes towards mutual funds, investor literacy regarding finance, financial products, and different mutual fund schemes but there is need of more detail and depth study regarding investors awareness and attitudes towards mutual funds and there are also no research was done before in Ramgarh District, Jharkhand on the related topic. This is the main reason that no one knows the actual ground reality of the investor's awareness and investment attitude

[24]Vyas, R. (2012). Mutual fund investor's behaviour and perception in Indore city. Researchers World, 3(3), 67.

towards mutual fund of the general population and potential investors of Ramgarh districts.

This research study aims to fill the gap of the lack of research for the Ramgarh District, Jharkhand on investors awareness and attitudes towards mutual funds so that everyone comes to know about the Ramgarh district's investors perception, financial literacy, investment attitudes, awareness regrading share market, mutual fund and SIP etc.

4. Significance of the study

The study is based on the critical examination of the investor's awareness and attitude towards mutual funds of Ramgarh district, Jharkhand. In current time investment is a very important part of every person where some of them invest their savings on traditional investment options like bank deposits, fixed deposits, recurring deposits, life insurance, land, buildings, gold, silver etc. there are also some of them who have little or full knowledge about share market then they invest their savings in shares, debenture, and mutual funds, etc.

The study is deep analysis of people of Ramgarh district that how's their current knowledge of finance, investment, share market, mutual funds, trending investment opportunities.

This study is important in terms of theoretical, practical and financial knowledge and contribution of investors of Ramgarh district. This study tries to find out the ground reality of general awareness about financial investment, share market, mutual funds of local population.

The investors awareness and attitude towards mutual funds of the general population of Ramgarh district can be assessed through different ways to find out the actual ground reality that whether they are actually aware about share market and mutual funds or their knowledge abouts these investment options are only limited to the T.V advertisement.

Ramgarh district is a semi urban area it comprises all class of people so, this will be very interesting to see that which socioeconomic groups are more and less aware about mutual funds and other financial market instruments. How's individuals' attitude towards mutual funds? Do they think that these kinds of investment are only for educated or rich people? Or do they take this kind of investment opportunity positively? Society as a whole every single person has rights to invest their savings in profitable and legal opportunities. And every individual has right to carry basic knowledge of

finance and understandings about share market, mutual funds etc. so that everyone can enjoy the benefits that generate through share markets growth.

If most of the people are unaware about mutual funds and other trending investments opportunity then this study could help govt, mutual fund companies and relevant ministries of govt to make aware not only for the people of Ramgarh district but also in other similar semi urban areas through their awareness programs and by providing required financial literacy.

5. Objectives of the study

1. To know the current level of financial literacy regarding investment among the individuals of Ramgarh district.
2. To study investors awareness regarding investment in mutual funds among the general population and potential investors of Ramgarh district.
3. To study investor perception towards mutual funds among the general population and potential investors of Ramgarh district.
4. To know the level of understanding of concepts like mutual fund, fund manager, risk, return, diversification and liquidity.
5. To determine the different kinds of factors that influence the decision-making process regarding investment in mutual fund.
6. To know the primary source of information on which investors of Ramgarh district rely for their financial decisions.
7. To know top investment priorities of the investors of Ramgarh district.

6. Hypothesis

Null Hypothesis:

H01: There is no significant difference in the level of investors awareness about mutual funds among different demographic groups in Ramgarh district.

H02: There is no significant relationship between the level of financial literacy and the propensity to invest in mutual funds among individuals in Ramgarh district.

H03: There is no significant difference in the perceived risk and return associated with mutual funds among investors in Ramgarh district.

7. Research Design & Methodology

7.1 Research Design- Research design is a well-structured framework that is prepare by researcher to conduct the study. It is a kind of blueprint that specifies the methods and procedures for collection, measurement and analysing the data. For this research Exploratory, Descriptive and Explanatory research will be used.

Descriptive research conducted for depth analysis of study.

Exploratory research conducted for those research area where no depth analysis is conducted before to find something new about the research problem.

Explanatory research conducted to explain the unexplored area of the research subject and what, how and why of research questions.

7.2 Data Type- Both primary and secondary data will be used for this study.

a) Primary data- It is the fresh and newly data collected by the researcher for particular research study. These are most reliable form of data because these are directly collected from the respondents through different ways like paper-based questionnaires, face to face interviews, and schedules.

   In this research the data is collected from the general population and potential investors to find out their awareness and attitude towards mutual funds and also their understandings towards financial investment with current level of financial literacy.

b) Secondary data- These are the already collected data in past by someone else. A current researcher can collect these data from external sources like from journals, libraries, websites, newspapers etc.

7.3 Sample Size- The most authentic sample is those which represent the whole population diverse characteristic. In this research the researcher will collect the sample from 300 respondents and the tests are conducted according to the requirement of the study. 5 points Likert's scale is used to obtain the responses on the variables. Likert's scale most suitable tool to measure attitudes, opinions, behaviours, and perceptions. Its shows that how much the respondents agree or disagree with the particular statement.

7.4 Sampling Tool-

"**Stratified Random Sampling**" is most suitable tool for sampling technique for this research topic.

Stratified random sampling is a probability sampling tool that divide the population into small homogeneous subgroups or strata based on specific characteristics. These specific characteristics are age, gender, education level, income etc making the sample more representative of the population.

If any additional sampling tools are required according to situation, then they are employed to collect the data.

7.5 Data Analysis-

Based on the research topic various statistical tools like average, percentage, standard deviation, correlation, regression, graphical representation etc will be use and for hypothesis testing z-test, ANOVA, and correlation analysis will be used.

8. Limitations of study

A Research is trying to find something new or adding to the existing knowledge that opens the new and more research grounds. But every research has some limitations, so this research is also carrying some limitations which are as follow-

a) Sample size is limited.
b) The study is limited to the Ramgarh district so the outcomes of the study can't be generalized to the whole Districts of Jharkhand.
c) As my research is also based on a convenience survey, so it is unable to show the full accuracy of the information.
d) Time is also one of the factors that create obstacle to meet more respondents.

9. Tentative Chapterisation

The researcher will take the following tentative chapters for the research work leading to Ph.D. degree-

1. Introduction, Review of literature and Brief profile of Ramgarh district
2. An overview of different investment avenues and perceptions of investors
3. Investment pattern, investors attitude and awareness vis-à-vis mutual funds
4. Research methodology, Data analysis and Hypothesis testing
5. Conclusions, findings and suggestions

Supervisor

(Dr. Amar Kumar Chaudhary)
Associate Professor
University Department of Commerce and Business Management,
Ranchi University, Ranchi

Research Scholar

(Manas Kumar Kushwaha)
UGC NET AND JRF
UGC NET Roll No- 2603022857